

MINUTES
Special Council Meeting
San Luis City Council
San Luis Council Chambers
1090 E. Union Street
July 10, 2024
5:30 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Nieves Riedel called the Special City Council meeting to order at approximately 5:30 p.m.

PRESENT: Mayor Nieves Riedel
Vice Mayor Gloria Torres
Council Member Luis E. Cabrera
Council Member Maria Cecilia Cruz
Council Member Tadeo Azael De La Hoya
Council Member Matias Rosales
Council Member Javier Vargas

OTHERS PRESENT: Jenny Torres, Acting City Manager
Kay Macuil, City Attorney
Sonia Cornelio, City Clerk
Alejandra Peru, Court Administrator
Angel Ramirez, Fire Chief
Angelica Roldan, Director of Parks & Recreation
Antonio Maldonado, Video Production Specialist
Armando Esparza, Director of Economic Development
Danae Figueroa, Magistrate
Joel Arizmendi, I.T. Help Desk Technician
Maria Sabori, Risk Manager
Melissa Lopez, Deputy City Clerk
Miguel Ramirez, Finance Accounting Manager
Roula Encinas, Acting Director of Finance
Christian Cuevas, Translator

2. DISCUSSION ITEM:

2. A. Second of two Public Hearings on Proposed Local Alternative Expenditure Limitation - Home Rule Option Election. (Roula Encinas, Acting Finance Director)

1. Staff Presentation

Ms. Roula Encina, Acting Director of Finance, stated this item is about the Home Rule Option and explained that this state law has been in effect since June 3rd, 1980, that limits municipal spending for cities and towns. The law established a maximum spending limit formula based on Fiscal Year 1979-1980, expenditures adjusted annually for population growth and Growth Domestic Product (GDP) inflation. Additionally, certain expenditures can be excluded from this limit. Adopting the Home Rule Option allows staff greater flexibility in managing the city's budget to meet local needs effectively. She presented the three (3) alternatives to the state-imposed spending limit formula. The One Time Override, allows the city to exceed the spending limit for a single fiscal year with voter approval, specifying the exact amount of excess expenditures authorized. The Local Alternative Expenditure Limitation (Home Rule), allows cities to set their own spending limits based on local priorities and conditions rather than adhering to the state formula effective for four (4) fiscal years; this option requires voter approval to implement. The Permanent Adjustment of Base Limits, involves permanent change to the base, spending limit with voter approval, applying to all future years no limitation on a month of adjustment. All these alternatives require voter approval, ensuring that the community has a say in how municipal finances are managed. Staff is considering the Home Rule Option; she added that 40 cities and towns in Arizona are using the Home Rule Option. Additionally, 43 cities are using the Permanent Base Adjustment, and eight (8) are using the 1979-1980 State Limit. The City of San Luis is one of the eight (8) cities that is using the outdated state formula. Adopting the Home Rule Option allows the city to overwrite the state-imposed expenditure limitations, providing staff with the flexibility to establish a budget based on the anticipated revenues, programs, and services. This authority must be re-established every four (4) years and requires a majority vote of the public at either the primary or general election. Additionally, the process includes two (2) public hearings prior to Council action, followed by a special meeting immediately after the second public hearing. Finally, a two-thirds majority vote is needed to approve this measure.

She briefly explained the Home Rule Financial Implications of the Home Rule Option, including that over the next four (4) years, the city's expenditures would exceed the state-imposed limit by \$17.5 million, which is an estimate. Without the approval of the Home Rule Option, staff would need to eliminate this amount from the budget, which would significantly impact the ability to fund essential services and programs if the Home Rule Option is not approved. It is important to note that by asking voters to approve the Home Rule Option, the city is not asking for a new tax or an increase in the city's revenues. It is simply seeking permission to spend the revenues the city is already collecting. If the Home Rule fails, the city will still receive revenues but will be unable to spend them due to the state-imposed spending limits. This would lead to a significant reduction in funding for street maintenance and public safety, as well as the deferral or cancellation of crucial capital projects. By adopting the Home Rule Option, staff will gain the flexibility to allocate funds where they are most needed. This is about making informed choices that are right for the community without being constrained by outdated state-imposed formulas.

Ms. Encinas stated that there is a process for the Home Rule Option and briefly outlined the steps allowing for transparency, public involvement, and compliance with legal requirements.

She included a summary analysis that contained the total amount of estimated expenditures under the Home Rule and the State Imposed Expenditure. The PowerPoint presentation and the summary analysis are filed with the complete Agenda Packet at the City Clerk's Office.

2. Open the Public Hearing

MOTION: Council Member Luis E. Cabrera/Council Member Javier Vargas to open the Public Hearing. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

3. Call to the Public

Mrs. Sonia Cornelio, City Clerk, stated that her office did not receive any comments in favor of or against this proposal.

Council Member Tadeo Azael De La Hoya asked if this is the same process as the property tax when it comes to Elected Officials promoting for or against it?

Ms. Kay Macuil, City Attorney, responded yes as it goes with all elections for them as Elected Officials to stay neutral, but as a resident may advocate for it or oppose.

4. Close Public Hearing

MOTION: Council Member Javier Vargas/Council Member Tadeo Azael De La Hoya to close the Public Hearing. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

3. ADJOURN PUBLIC HEARING

MOTION TO ADJOURN THE PUBLIC HEARING

MOTION: Council Member Tadeo Azael De La Hoya/Vice Mayor Gloria Torres to adjourn the Public Hearing at approximately 5:42 p.m. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

4. CONVENE A SPECIAL MEETING TO VOTE ON THE PROPOSED HOME RULE MOTION TO CONVENE IN A SPECIAL COUNCIL MEETING

MOTION: Council Member Tadeo Azael De La Hoya/Council Member Javier Vargas to convene in a Special Council meeting at approximately 5:42 p.m. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

5. CALL TO ORDER/ROLL CALL

Mayor Nieves Riedel called the Special City Council meeting to order at approximately 5:43 p.m.

PRESENT: Mayor Nieves Riedel
Vice Mayor Gloria Torres
Council Member Luis E. Cabrera
Council Member Maria Cecilia Cruz
Council Member Tadeo Azael De La Hoya
Council Member Matias Rosales
Council Member Javier Vargas

OTHERS PRESENT: Jenny Torres, Acting City Manager
Kay Macuil, City Attorney
Sonia Cornelio, City Clerk
Alejandra Peru, Court Administrator
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Joel Arizmendi, I.T. Help Desk Technician
Maria Sabori, Risk Manager
Melissa Lopez, Deputy City Clerk
Miguel Ramirez, Finance Accounting Manager
Roula Encinas, Acting Director of Finance
Christian Cuevas, Translator

6. DISCUSSION AND POSSIBLE ACTION ITEM:

6. A. Discussion and possible action on any and all matters regarding Resolution No. 2322. A resolution of the City of San Luis proposing an Alternative Expenditure Limitation and that it be submitted to the voters of the City of San Luis at the general election scheduled for November 5, 2024. (Roula Encinas, Acting Finance Director)

[This item requires five (5) votes in favor to refer the matter to the voters under the Arizona Constitution Article 9 § 20(9).]

Ms. Roula Encina, Acting Director of Finance, stated that staff recommends approval of Resolution No. 2322. With the City Council's support, this matter can be presented to voters in the General Election on November 5, 2024. If voters approve this measure, it would take effect from Fiscal Years 2025-2026 through 2028-2029, giving the city the flexibility to manage its finances in a way that directly responds to the immediate and future needs of the City of San Luis.

MOTION: Council Member Luis E. Cabrera/Council Member Javier Vargas to approve and adopt Resolution No. 2322 submitting an Alternative Expenditure Limitation to the voters. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

7. ADJOURNMENT

MOTION: Council Member Tadeo Azael De La Hoya/Council Member Luis E. Cabrera to adjourn the Special Council meeting at approximately 5:46 p.m. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

APPROVED:

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special City Council meeting of the City Council of the City of San Luis, Arizona, held on July 10, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Sonia Cornelio, City Clerk